

Reconciliation of Retailer Claims, 1999

OCTOBER 2000
P500-00-018



Gray Davis, Governor

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CALIFORNIA
ENERGY
COMMISSION

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Introduction

As required by the Public Utilities Code, Section 398.5(e), this report compares the source of power that retailers have disclosed to consumers with the information that the California Energy Commission has on the actual energy generated for consumption in California. This *Reconciliation of Retailer Claims, 1999* report fulfills the mandate for calendar year 1999. Given the available data, the Energy Commission believes that retailers' claims submitted to date are accurate.

Background

Senate Bill 1305 was enacted in 1997 to ensure that retail providers of electricity disclose to consumers accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services. (Public Utilities Code, Section 398.1(b)) Toward that end, the law requires retail providers of electricity to disclose fuel source information to consumers about the electricity being sold, using a format developed by the California Energy Commission.

The law allows the Energy Commission to obtain information from retail providers and from generators (directly or through system operators), permitting some verification of the information disclosed to consumers. Specifically, all retail providers of electricity who make claims differentiating their power mix are required to submit detailed information about their power purchases and retail sales to the Energy Commission after the end of the year. At the same time, the law requires all electricity generators that report meter data to a system operator to also report generation, fuel type and fuel consumption (as a percentage of generation) data to the system operator on a quarterly basis.¹ System operators must then make the generation and fuel source information available to the Energy Commission for the dual purposes of verifying information disclosed to consumers and calculating net system power. Using the detailed information from retail providers and generators, the Energy Commission is then mandated to prepare and submit an annual report such as this one to the California Public Utilities Commission, comparing power source annual information disclosed to consumers (as directed in Section 398.4) with information on actual electricity generated in California.

Pursuant to SB 1305, the Energy Commission adopted regulations specifying:

- 1) guidelines and formats for disclosure of generation-related information to system operators and the Energy Commission;
- 2) guidelines and formats for retail disclosure of fuel source information to consumers; and
- 3) guidelines for annual submissions to the Commission by retail providers.

¹ Generators that do not report information to system operators but whose electricity is being claimed as a specific purchase report this data directly to the Energy Commission.

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These regulations went into effect October 21, 1998 and are found in Title 20 of the California Code of Regulations, beginning with Section 1390. The Energy Commission calls the activities carried out under these regulations the Power Source Disclosure program.

The format adopted for retail electricity source disclosure to consumers is called the power content label and is pictured at right. Using this label, consumers can compare the power content — or resource mix — of a given electricity product against that of the California Power Mix (i.e. net system

power). The California Power Mix is the fuel mix of electricity consumed on a statewide basis net of power that has been claimed by retail providers. Retail providers may use the system power fuel mix as a default and not make claims differentiating their power from the California Power Mix, or they may claim their actual fuel mix based on purchases from specific generating facilities. As such, the power content label allows retail providers of electricity to distinguish their products from other electricity products in the market on the basis of power content.

By law, all retail providers must display a label in product-specific written promotional materials and must send their customers quarterly label updates. If a retail provider distinguishes its product from the California Power Mix, the company must, submit detailed information about power purchases and sales to the Energy Commission. This submittal is called the *Annual Retail Supplier Report*. In addition, the regulations require these retail providers to validate all power purchase and sales claims at the end of the year through an independent audit. The Commission staff compares this information and historical generation data to the claims made via the Power Content Label. In this way, the Energy Commission is helping to ensure that consumers will have confidence in the accuracy of the Power Content Label.

Second year status

Annual retail provider reports received

The Energy Commission received *Annual Retail Supplier Reports* from twenty-six companies. Twenty-three were retail providers and three were wholesale pools from which fifteen of the

POWER CONTENT LABEL

| ENERGY RESOURCES | PRODUCT NAME* (projected) | 1999 CA POWER MIX** (for comparison) |
|----------------------|------------------------------|---|
| Eligible Renewable | 56% | 12% |
| -Biomass & waste | - | 2% |
| -Geothermal | - | 5% |
| -Small hydroelectric | - | 3% |
| -Solar | - | <1% |
| -Wind | - | 2% |
| Coal | 10% | 20% |
| Large Hydroelectric | 10% | 20% |
| Natural Gas | 16% | 31% |
| Nuclear | 8% | 16% |
| Other | <1% | <1% |
| TOTAL | 100% | 100% |

• 50% of Product Name is specifically purchased from individual suppliers.

** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the previous year.

For specific information about this electricity product, contact Company Name. For general information about the Power Content Label, contact the California Energy Commission at 1-800-555-7794 or www.energy.ca.gov/consumer.

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twenty-three retail providers purchased power. The following is a list of companies that submitted reports:

- ACN Energy
- Ancor LLC
- Association of Bay Area Governments
- Go Green (a.k.a. clean green energy)
- Commonwealth Energy Corporation
- Edison Source
- Enron Energy Services
- GreenMountain.com
- Keystone Energy Services, Inc.
- New West Energy
- PG&E Energy Services
- Tenderland Power Company
- United Gas Management
- Utility.com, Inc.
- Alameda Power Authority
- Anaheim Public Utility District
- Modesto Irrigation District
- Palo Alto Electric Utility
- City of Redding
- City of Roseville
- Sacramento Municipal Utility District — green product only
- Turlock Irrigation District
- City of Ukiah
- Automated Power Exchange.
- Bonneville Power Authority
- Northern California Power Authority

These companies collectively claimed specific purchases from 79 different generating facilities. Forty-five of these facilities are renewable as defined by the legislation. Twenty seven of the facilities claimed are registered renewable generating facilities for purposes of the Energy Commission's Renewable Energy Program (a.k.a. Renewable Technology Program), though only 17 of these actually receive funding through the program. Thirty-eight generating facilities were claimed by more than one retail provider.

Generation reports received

In 1999, twenty-seven separate parties reported to the Commission on the output of 541 generating facilities, and accounting for 46,071 gigawatt hours of electricity. For the most part, the information reported does not include the units owned by and associated gigawatt hours produced by qualifying facilities (QFs). Generation information for QFs was obtained by way of the utilities, aggregated by technology type. The Energy Commission also received net import and export flows across each of the interstate interties from the Los Angeles Department of Water and Power, Imperial Irrigation District and the California Independent System Operator.

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Availability of generation data

To prepare this report, it was necessary to gather calendar year 1999 generation data for all seventy-nine generating facilities claimed by the twenty three retail providers. For analyzing the 1999 claims, the Energy Commission supplemented its SB 1305 data with the data from the United States Energy Information Administration (EIA) and the Renewable Technology Program, as described below.

Energy Information Administration

Generating facilities with a capacity above one megawatt are required to submit generation data to the EIA using one or more various forms. The EIA has made data from some of the reporting forms publicly available on the Internet. In many cases, however, generation data is available only in aggregate and not on a plant specific basis. Energy Commission staff was able to obtain plant specific generation data from EIA on utility-owned generating facilities but not for non-utility owned facilities.

The Renewable Technology Program

Although many renewable generating facilities have registered with the Renewable Technology Program, not all are actually eligible to receive funding through either the Existing or New Renewable Resource Accounts. Generating facilities that are registered and eligible for funding must submit generation data to the program to receive their production credit. These programs, therefore, have growing databases containing generation data for many of California's renewable generating facilities. These data were useful for filling in some of the gaps left by other data sources.

Reconciling retail providers' claims

For calendar year 1999, the actual comparison of retail claims with generation data was more complicated than last year. The increase in the number of retail providers from 6 to 26 and the increase in the number of generators from 26 to 79 from which claims of specific purchases were made increased the time and difficulty in checking retailers' claims. Retailers claimed specific purchases totaling about 2,154 gigawatt-hours from generators that generated in excess of 6,535 gigawatt-hours. The staff checked to ensure that retail claims for a given generator were less than or equal to the amount of generation reported by that generator. It is not necessary to determine the disposition of all the power generated by a given generating facility.

For all generators for which the Energy Commission staff was able to obtain generator-specific data, the generation far exceeded the claims. Plant specific generation data for two particular generating facilities could not be found from any of the data sources listed in the previous section, but affidavits submitted to the Power Source Disclosure Program corroborated the claims made for that facility. While affidavits may not give the same level of assurance as meter data or data submitted to the EIA, the Energy Commission staff believes that this source is sufficient for the purposes of this report. The staff will continue to make every effort to close this data collection gap for next year's report.

Given the information available, all companies reporting to the Energy Commission appear to have purchased sufficient amounts of power of the specified fuel types to meet their claims to

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consumers. In fact, the companies purchased far more renewable power than was required. In these cases, retailers transferred the excess renewable power to other products.

Expectations for next year's report

For the analysis of the year 2000 data, the Energy Commission anticipates having access to more complete data sets through filings with the Energy Commission and from the United States Energy Information Administration. At the same time, the Energy Commission also anticipates a greater number of retail claims; this is the natural out growth of market expansion and several actions taken by the Energy Commission to increase the market growth. The Commission instituted a rulemaking (OIR 00-SB-1305) this year to accomplish the following objectives:

1. Establish a certificate program that would simplify the reporting and tracking of generation and the green attributes associated with the generation.
2. Specify an *Agreed Upon Procedure* in place of the required Audit for verification of the *Annual Retail Supplier Reports*. The *Agreed Upon Procedure* is less expensive and better suited to verifying the data submitted in the *Annual Retail Supplier Reports*.
3. Implement clarifying changes to the regulations, which will simplify the reporting for retail providers.

The Commission believes that all of these changes will increase the participation in the Power Source Disclosure Program, which will increase the complexity of the analysis involved in the reconciliation of retailer claims for year 2000.

A significant number of changes were made to the *Annual Retail Supplier Reports* after they had been submitted on time (March 1st), and a several reports were submitted late. These changes and late submissions created problems in determining the total amount of Specific Purchases used to calculate Net System Power, which must be reported by April 15th of each year. The Staff will take additional steps to provide known retail providers with software packages to assist in the preparing the *Annual Retail Supplier Report*. The Staff will increase the level of out reach to providers prior to the reporting date to assist in answering question related to the reporting of specific purchases in the *Annual Retail Supplier Reports*.